GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

STARRED QUESTION NO:346
ANSWERED ON:23.12.2008
REVIEW OF FDI POLICY IN RETAIL SECTOR
Deshmukh Shri Subhash Sureshchandra;Vasava Shri Mansukhbhai D.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether any review of the policy on Foreign Direct Investment (FDI) in the retail sector has been undertaken by the Government;

(b) if so, the details thereof;

(c) whether the FDI in the retail sector has also impacted employment;

(d) if so, the details thereof; and

(e) the corrective measures taken by the Government in this regard?

Answer

THE MINISTER OF COMMERCE & INDUSTRY(SHRI KAMAL NATH)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 346 FOR ANSWER ON 23-12-2008 REGARDING REVIEW OF FDI POLICY IN RETAIL SECTOR

(a) & (b): As per extant policy, Foreign Direct Investment (FDI) is not permitted in retail trade except in Single Brand product retailing where FDI up to 51% is permitted with prior Government approval and subject to the following conditions:-

(i) Products to be sold should be of 'Single Brand' only;

(ii) Products should be sold under the same brand internationally; and

(iii) 'Single Brand' product-retailing would cover only products which are branded during manufacturing.

The policy on FDI is reviewed on a continuous basis for its simplification and rationalisation.

(c): From March, 2006 until September, 2008, only 39 cases of Foreign Direct Investment in Single Brand Retail Trading have been approved. These are mainly in high end products, including fashion apparel, leather products, modular furniture and lifestyle products etc., which are not expected to adversely impact employment.

(d) & (e): Retail is a labour intensive sector and is the second largest employer after agriculture. Government appreciates the concern regarding impact of organised retail on employment. Government had assigned a study to assess the impact of organised retailing on unorganised retail trade to the Indian Council for Research on International Economic Relations (ICRIER) and the Report has since been submitted. Government fully recognises the need for ensuring that the small retailers are not adversely affected by the growing organised retail and that there is no adverse impact on employment.